



NEWS RELEASE

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FOR IMMEDIATE RELEASE

SUCCESSFUL INTERBORO REHABILITATION KEEPS JOBS ON ISLAND *First ever demutualization of a company in rehab, first successful rehab in six years leads to new company offering homeowner's, private passenger automobile insurance*

The oldest insurance company on and serving Long Island, Interboro Mutual Indemnity Insurance Company, has emerged from three years of insolvency and subsequent rehabilitation as a solvent private company called Interboro Insurance Company, Acting Insurance Superintendent Eric Dinallo announced.

Interboro's successful rehabilitation means the company will continue as a going concern, preserving close to 70 jobs. The new owners have committed to keeping the jobs and the company's operations on Long Island. The company offers private passenger automobile and homeowner's insurance.

"The Department is very pleased that Interboro has been successfully rehabilitated," said Acting Superintendent Dinallo. "This is an exciting moment for Long Island consumers, who now have more choice in the insurance marketplace when they go to buy car or homeowner's insurance."

"This is a tribute to everyone at the Insurance Department, the New York Liquidation Bureau and Judge Edward McCarty III who worked together to resolve some very tough issues and restore Long Island's oldest insurance company to solvency," Acting Superintendent Dinallo added.

"This case represents a unique cooperation among the Superintendent of Insurance's office, the company itself and the court to ensure that the rights of creditors and depositors were protected during this difficult period," said Judge Edward W. McCarty, III, Justice of the Supreme Court of the State of New York, 10th Judicial District, Nassau County, who oversaw the case and approved discharging Interboro from rehabilitation.

The Liquidation Bureau managed Interboro during the period of rehabilitation. A particular difficulty with Interboro involved the need to secure sufficient capital to make the company solvent because Interboro, as a mutual company owned by its policyholders, was unable to issue stock to access capital.

The Bureau was able to successfully demutualize an insurance company in rehabilitation in New York for the first time ever, transforming the company into a stock insurer. When an investor group paid \$15 million for the stock, the recapitalized Interboro was once again solvent, completing the first successful insurance company rehabilitation in six years.

The new owners, including Northwood Ventures, Fursa Alternative Strategies, and an investor group assembled and represented by Wainwright & Co., LLC provided the company with the \$15 million of new capital. Peter Schiff, President of Northwood stated, "Northwood is pleased to be associated with this enterprise and we recognize that Interboro's success is the result of the efforts of many people including Judge McCarty, the New York insurance regulators and the company's dedicated employees. We believe that Interboro will play a valuable role in the future of the New York insurance market."

Rehabilitation involves the Superintendent taking possession of the property of an insurer, conducting its business, and taking steps toward the removal of the causes and conditions that have made the rehabilitation proceeding necessary. This usually occurs after a company is declared insolvent.

An insurance company is declared to be insolvent when it no longer meets the statutory definition of solvency. Even though the company may still have assets, the company is deemed to be "Unable to pay its outstanding lawful obligations as they mature in the regular course of business ..." and the existing assets of the company are then preserved to allow for the settlement of outstanding claims and debts to creditors.

Interboro is a property and casualty insurer domiciled in the State of New York. The company was placed in rehabilitation and the New York Superintendent of Insurance was appointed as Rehabilitator on April 6, 2004 by order of the Supreme Court of the State of New York.

Before entering rehabilitation, Interboro primarily wrote private passenger auto, homeowners and general liability coverage, as well as a small amount of commercial auto and workers compensation coverage.

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